

37 Am. Jur. 2d Fraud and Deceit § 170

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Fraud and Deceit

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IV. False Representations

G. Representations and Statements as to Particular Matters

3. Value, Cost, and Income of Property

a. Value

§ 170. General rule of nonliability

[Topic Summary](#) | [Correlation Table](#) | [References](#)

West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 136](#) (Complaint, petition, or declaration—For damages—Purchase of stock induced by misrepresentations as to character, extent, and value of property owned by corporation)

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 138](#) (Complaint, petition, or declaration—For rescission—Purchase of stock induced by representations that company owned valuable patent—Product not patentable)

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 219](#) (Instruction to jury—Expression of opinion not a representation—Opinion as to value)

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 220](#) (Instruction to jury—No right to rely on opinion as to value of property)

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 221](#) (Instruction to jury—Commendatory trade talk as mere expressions of opinion)

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 222](#) (Instruction to jury—Expressions of opinion or affirmations of fact—Statements by one having expert knowledge)

As a general rule, statements as to the value of property, though false, are neither grounds for affirmative relief nor good as a defense.¹ Although there are exceptions,² representations of value made by a person dealing with property are ordinarily

to be regarded only as mere expressions of opinion or commendatory trade statements, and when such is the case, do not constitute fraud or the basis thereof,³ at least in the absence of a confidential relationship.⁴ The same characterization resulting in nonliability is ordinarily accorded to representations that property is worth a certain sum⁵ or as to the amount for which it may be sold.⁶ Thus, it is generally held that a false statement by the vendor of land as to its value cannot form the basis of a charge of fraud.⁷ Likewise, as a general rule, a false affirmation of value by a seller of personalty cannot be made the basis of a charge of fraud, as it is the buyer's own folly to credit an assertion of that nature.⁸

There is authority to the effect that where a representation is that the property is worth a certain sum, the suit is not maintainable notwithstanding that the representee avers and offers to prove that the representor does not in fact entertain that opinion of the value and expresses it with intent to deceive.⁹ On the other hand, it is held that such representations are actionable when known to the speaker to be untrue, if made with the intention of misleading the representee and if the representee does in fact rely on them and is misled, to the representee's injury.¹⁰

Whether a misrepresentation as to value is merely an expression of opinion, or an affirmation of fact or intentional representation to be relied upon, is generally regarded as a question of fact to be determined by the trier of facts.¹¹

Observation:

The general rule that fraud cannot be predicated on representations as to value is based on the fact that value is largely a matter of judgment and estimation, about which people may differ,¹² and it is therefore unlikely that any statement as to value was material in the sense that it was an inducing cause of a transaction.¹³ Such representations can rarely have induced a party to enter into a contract without negligence on that party's part.¹⁴

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Footnotes

- 1 [Lehigh Zinc & Iron Co. v. Bamford](#), 150 U.S. 665, 14 S. Ct. 219, 37 L. Ed. 1215 (1893) (holding that a general assertion that property is valuable, although untrue, is not deceit); [Herrill v. Rugg](#), 114 Cal. App. 492, 300 P. 140 (1st Dist. 1931).
 - 2 [§ 171](#).
 - 3 [Southern Development Co. of Nevada v. Silva](#), 125 U.S. 247, 8 S. Ct. 881, 31 L. Ed. 678 (1888); [Shepherd v. Woodson](#), 328 S.W.2d 1 (Mo. 1959); [Transport Ins. Co. v. Faircloth](#), 898 S.W.2d 269 (Tex. 1995); [Tetreault v. Campbell](#), 115 Vt. 369, 61 A.2d 591 (1948); [Hood v. Cline](#), 35 Wash. 2d 192, 212 P.2d 110 (1949).
 - 4 [§ 171](#).
 - 5 [Herrill v. Rugg](#), 114 Cal. App. 492, 300 P. 140 (1st Dist. 1931).
 - 6 [Baxter v. Davis](#), 252 Ky. 525, 67 S.W.2d 678 (1934).
 - 7 [Page Inv. Co. v. Staley](#), 105 Ariz. 562, 468 P.2d 589 (1970); [Henning v. Kyle](#), 190 Va. 247, 56 S.E.2d 67 (1949).
- As to representations of market value or market price, see [§ 172](#).

- 8 Stumpf v. Lawrence, 4 Cal. App. 2d 373, 40 P.2d 920 (3d Dist. 1935); Zeiting v. Steinberg, 277 S.W. 953
(Mo. Ct. App. 1925); Rothermel v. Phillips, 292 Pa. 371, 141 A. 241, 61 A.L.R. 489 (1928).
- 9 Baxter v. Davis, 252 Ky. 525, 67 S.W.2d 678 (1934).
- 10 Rothermel v. Phillips, 292 Pa. 371, 141 A. 241, 61 A.L.R. 489 (1928).
- 11 Vah Dah Dunshee v. Boadway, 119 Cal. App. 678, 7 P.2d 325 (3d Dist. 1932); Fourth Nat. Bank v. Webb,
131 Kan. 167, 290 P. 1, 71 A.L.R. 619 (1930).
- 12 Southern Development Co. of Nevada v. Silva, 125 U.S. 247, 8 S. Ct. 881, 31 L. Ed. 678 (1888); Herrill
v. Rugg, 114 Cal. App. 492, 300 P. 140 (1st Dist. 1931); Burke v. King, 1936 OK 263, 176 Okla. 625, 56
P.2d 1185 (1936).
- 13 Gordon v. Butler, 105 U.S. 553, 26 L. Ed. 1166, 1881 WL 19779 (1881); Herrill v. Rugg, 114 Cal. App. 492,
300 P. 140 (1st Dist. 1931); Burke v. King, 1936 OK 263, 176 Okla. 625, 56 P.2d 1185 (1936).
- 14 Lynch v. Dunn's Adm'r, 208 Ky. 15, 270 S.W. 468 (1925); Burke v. King, 1936 OK 263, 176 Okla. 625,
56 P.2d 1185 (1936).

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